

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
 Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )

Petitions for Reconsideration )

Telephone Number Portability )

CC Docket No. 95-116

RM-8535

**OPPOSITION OF WORLDCOM, INC.**

WorldCom, Inc. ("WorldCom") hereby files its opposition to the petition for reconsideration filed jointly by The Organization For The Promotion and Advancement Of Small Telecommunications Companies ("OPASTCO") and The United States Telephone Association ("USTA") on October 17, 1997 in the above-captioned proceeding ("OPASTCO-USTA Petition"). WorldCom opposes the joint parties' request that the Commission revisit its Second Report and Order in this proceeding.<sup>1</sup>

**I. INTRODUCTION AND SUMMARY**

WorldCom, Inc. is a premier global telecommunications company. Through its wholly-owned subsidiaries WorldCom Technologies, Inc., MFS Telecom, Inc., WorldCom Network Services (d/b/a WilTel Network Services), and UUNET Technologies, Inc., the new WorldCom provides its business and residential customers with a full range of facilities-based and fully integrated local, long distance, international, and Internet services. In particular,

<sup>1</sup> In the Matter of Telephone Number Portability, CC Docket No. 95-116, RM-8535, Second Report and Order, FCC 97-289 (released August 18, 1997) ("Second Report and Order").

By: [Signature] OJY  
 Date: [Signature]

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

WorldCom currently is the fourth largest facilities-based interexchange carrier ("IXC") in the United States, as well as a significant facilities-based competitive local exchange carrier ("CLEC") and Internet service provider ("ISP").

In the Second Report and Order in this proceeding, the Commission adopted a recommendation by the North American Numbering Council ("NANC") that oversight and management of the regional local number portability administrators ("LNPAs") be borne by regional limited liability companies ("LLCs"). The Commission stated that its decision on this point was adopted on an interim basis, and indicated that it would initiate an inquiry no later than June 30, 1998 into LLC oversight of LNPAs.<sup>2</sup>

The OPASTCO-USTA Petition objects to LLCs providing LNPA management oversight, and asks the Commission to null its interim decision on that point. The trade groups' objections stem from the fact that entities must join LLCs in order to be allowed to vote on issues before the LLCs, and the belief that participation in the LLCs is more expensive than OPASTCO and USTA had thought.<sup>3</sup> The Petition decries what it sees as "barriers to LLC membership," and asks the Commission to conclude that local exchange carriers ("LECs") should not be compelled to pay anything in order to be eligible to vote on all LLC issues.<sup>4</sup>

As explained further below, WorldCom opposes the OPASTCO-USTA Petition.

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<sup>2</sup> Second Report and Order at paras. 119-120.

<sup>3</sup> Petition at 2-3.

<sup>4</sup> Petition at 5, 7.

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

The joint petitioners, well after the fact, are attacking the very basis of the LLC structure by seeking the authority to make decisions without contributing in any way to their implementation. The Commission should reject the OPASTCO-USTA petition as untimely and inequitable.

## **II. THE COMMISSION SHOULD REJECT THE OPASTCO-USTA PETITION**

Initially, WorldCom has some sympathy for OPASTCO and USTA's dismay at the many out-of-pocket expenses involved in participating in LNP implementation. As the trade groups point out, joining an LLC generally requires an initial capital contribution, as well as the intention to port numbers in the subsequent twelve months once porting becomes available. Parties also must provide on-going contributions as necessary. Capital outlays are used to pay expenses incurred by the LLC such as insurance, and legal and administrative expenses. In addition to capital outlays, LLC members provide in-kind services, such as supplying legal representation for contract negotiations, and coordinating communications (such as conference call bridges) with members and non-members alike. OPASTCO and USTA are correct that it is not unusual for such contributions easily to surpass \$10,000 to \$20,000.<sup>5</sup>

To a large extent, the expenses associated with participating in one or more of the regional LLCs can be directly attributed to the fact that so few carriers have stepped up to share industry's general responsibility to implement congressional and Commission local number

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<sup>5</sup> Petition at 4.

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

portability mandates. Indeed, local exchange carriers, both incumbent and competitive, were mandated by the 1996 Telecommunications Act to implement local number portability.<sup>6</sup> Further, the costs of LNP implementation are supposed to be borne by all carriers, and in a competitively neutral manner. Because only a few carriers are doing the necessary legwork to set the stage for LNP on a nationwide scale, however, the end result is hardly competitively neutral.

While WorldCom appreciates the concerns raised by OPASTCO and USTA about the expense of implementing LNP, those concerns are misplaced at this late stage in the process. Even a cursory glance at a calendar reveals that, while the regional LLCs were being formed at various times throughout 1996, OPASTCO and USTA only decided to file a petition opposing the LLC oversight role in late 1997. During the considerable stretch of time between the initial genesis and implementation of the LLCs, and the Commission's most recent LNP order, OPASTCO and USTA had every opportunity to offer suggestions on how best to deal with LNP expenses. Starting with developing and publishing a request for proposal ("RFP") for an LNP administrator and database services, to evaluating responses, selecting a vendor, and contracting for services, to establishing an entity with which potential LNP vendors would do business -- all was open for review and debate. As OPASTCO and USTA apparently would have it, these functions would have entailed little to no cost to anybody. While WorldCom regrets that the

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<sup>6</sup> 47 U.S.C. Section 251(b)(2).

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

industry did not have the benefit of OPASTCO's or USTA's proposed solutions to these challenges, the time for such conjecture is long past.

WorldCom does not understand how OPASTCO and USTA can claim that they could not participate in the LLC implementation process because they were unaware of the issue.<sup>7</sup> This seems highly unlikely. Both of these trade groups have seats on the North American Numbering Council (NANC). Moreover, OPASTCO itself is listed as a member of both the Technical & Operations Taskforce and Architecture Task Force of the LNPA Working Group which reports to NANC, and which drafted the LNP recommendations that first NANC and then the FCC adopted with a few modifications. There certainly was no reason why OPASTCO could not be active in the group that sets the standards and gives technical direction, via the LNPA Working Group, to the LLCs. USTA also is listed as a member of the LNPA Working Group, thus it too is part of the decision-making and oversight process over LLCs. Further, individual LEC members of OPASTCO and USTA have been involved in the LNP process as well. The claim of ignorance simply does not ring true.

In addition, it is not the case that parties only recently have come to understand that, in addition to the initial cost, LLCs typically require either ongoing fixed contributions or periodic assessments on members to cover LLC expenses, and that financial contributions can expect to surpass the \$10,000 to \$20,000 range.<sup>8</sup> On February 26, 1997, an LLC member

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<sup>7</sup> Petition at 5.

<sup>8</sup> Petition at 4.

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

appeared before the NANC to discuss the LLCs generally, and cost issues in particular:

There is usually an immediate capital contribution of \$10,000 (\$5,000 in Georgia) and LLC members are also expected to contribute financially as necessary to cover further administrative and related expenses. As of now, there is no cost-recovery mechanism available to recoup these expenditures by LLC members.<sup>9</sup>

Nobody even attempted to hide the fact that additional capital outlays would be required. Further, at an April 15, 1997 meeting of NANC, several LLC representatives made detailed presentations concerning dispute resolution, voting rights, membership criteria, and regulatory oversight. Those LLC representatives made themselves available afterwards to NANC members for questioning on any of these topics.

WorldCom also disagrees with the OPASTCO-USTA statement that NANC's reports failed to make clear that financial assessments are ongoing.<sup>10</sup> Indeed, the April 25, 1997 NANC LNP Recommendations given to the FCC state that, "To fund the LLC's administrative expenses, capital contributions are imposed equally on all LLC members (in modest allotments of \$10,000 to \$20,000).<sup>11</sup> The present tense in that sentence does indeed convey that the need to recover expenses has been an ongoing process.

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<sup>9</sup> LLC Summary Overview, A Written Presentation to NANC by Anne F. La Lena, Chairman, Mid-Atlantic Carrier Acquisition Company, delivered February 26, 1997, at 2.

<sup>10</sup> Petition at 5.

<sup>11</sup> North American Numbering Council LNPA Selection Working Group Report, April 25, 1997, p. 12, sec. 4.4.1.

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

WorldCom finds it disheartening that OPASTCO and USTA apparently are only now taking an active interest in LNP implementation on behalf of their members. Their Petition suggests that the ostensible financial concern may mask a motive more related to competitive concerns. WorldCom also finds interesting that generally speaking, in the seven regions, there are groups, sometimes referred to as consortiums, steering committees or operations subgroups, which are open to all carriers, have no entry or on-going fees and are involved with LNP implementation and operations. Yet intriguingly enough, membership is still primarily comprised of the LLC members with a few other carriers actively participating. Yet, it is these other carriers that OPASTCO-USTA claim to be so affected by LLC activity. WorldCom finds it hard to understand why these medium and small LECs -- who OPASTCO-USTA say cannot join LLCs because of the high price tag -- do not actively participate in these other groups. The Commission should require these trade groups to provide records showing how they, on behalf of their members, or their members themselves, have actively participated in these cost-free LNP groups.

According to the OPASTCO-USTA petition, "the capital contribution requirement is as inappropriate as it is unrealistic."<sup>12</sup> It is not the capital contribution that is inappropriate or unrealistic, however, but the skewed response in the Petition. In a nutshell, OPASTCO and USTA are asking for a free ride. OPASTCO and USTA want all conceivable rights, but without

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<sup>12</sup> Petition at 5.

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

any of the concomitant responsibilities. They want to make the decisions, but have other carriers via the LLCs do the actual work, pick up the tab, and be legally and fiscally responsible for all decisions. WorldCom submits that there is nothing competitively neutral about such a result.

The Petition further goes on to state:

If the Commission mandates that small and mid-size LECs shall be bound by decisions of the LLCs, these carriers have a right to cast votes in the matters that the FCC has delegated to the LLCs. The Commission has imposed what can only be described as a "poll tax." Anything less than unrestricted voting rights could not be possibly be described as competitively neutral.<sup>13</sup>

WorldCom can only respond that this is sheer nonsense. OPASTCO and USTA want representation without any taxation, or any responsibility on their part. Competitive neutrality does not mean having one entity or group of entities doing the work, paying the cost for doing that work, and being legally and fiscally responsible for that work, while other insulated entities decide the issues. Paying to work for free for competitors is bad enough, which is why WorldCom urges cost recovery for LLC contributions. It is unrealistic and inappropriate, however, to expect LLC-member carriers to put themselves at the mercy of competitors who refuse to take any responsibility for their actions.

It is interesting, too, that the OPASTCO-USTA Petition nowhere takes issue with the substance of the policies adopted by the LLCs so far. For example, LLCs chose Lockheed

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<sup>13</sup> Petition at 5.



Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

Martin IMS and Perot Systems to be the LNP vendors. Are OPASTCO-USTA members complaining about vendor selection? Are they seeking to overturn those decisions? Are OPASTCO-USTA members dissatisfied with the LNP systems? The Petition does not say.

More to the point, have the trade group members even begun to enter into arrangements with the vendors so they too can begin to get billed and help carry the financial burden of the shared costs? No. Did the trade groups denounce vendor selection in comments filed at the FCC? No. Are the trade groups suggesting they contribute in some way to LLCs? No. Are OPASTCO and USTA devising a solution or another mechanism where no one has to be burdened by capital contributions? No. Where OPASTCO and USTA make no serious overtures to work with the LLCs, one wonders at the true motive behind their Petition.

Two other salient points must be discussed briefly. First, the LLCs undeniably are under Commission oversight, as well as state regulatory commission oversight. For example, one LLC, the Mid-Atlantic Carrier Acquisition Company, is amending its operating agreement in accordance with a Maryland Commission order and has complied with Maryland Commission rulings in other regards. The Mid-West LLC also works closely with the Illinois Commerce Commission. Further, the NANC itself is overseeing the LLCs now, to make sure they comply with the Commission's three orders on LNP. Recently, the NANC has directed the LLCs to ensure that clear policy disputes are brought only to appropriate forums. In short, LLCs are not making policy, as OPASTCO-USTA claim. Rather, LLCs are implementing policy under, for the most part, clear regulatory directives.

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

Second, if the Petition truly represents the views of small and medium-sized LECs, it is even more puzzling that they, either individually or through groups or trade associations, have not requested or even tried to discuss some other capital contribution design to facilitate membership. The LLCs have established a democratic voting policy: one company, one vote. Neither OPASTCO nor USTA has ever broached the subject with LLCs of, for example, allowing smaller LECs to band together to pay one membership, and subsequent capital contributions, and have one vote. WorldCom certainly would have been -- and still remains -- open to such a suggestion.

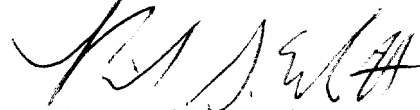
In real terms, however, the time for such arguments has ended. The carriers who formed LLCs laid the LNP foundation, built the structure, and are now overseeing its operation. OPASTCO and USTA are welcome to participate as they see fit. Indeed, there are numerous forums where OPASTCO-USTA members can influence and direct LNP activity if they are willing to contribute effort. But the OPASTCO-USTA Petition is a demand for representation without corresponding taxation, and must be rejected.

Opposition of WorldCom, Inc.  
CC Docket No. 95-116  
November 26, 1997

**III. CONCLUSION**

The Commission should reject the OPASTCO and USTA petition.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'R. S. Whitt', is written over a horizontal line.

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November 26, 1997

**CERTIFICATE OF SERVICE**

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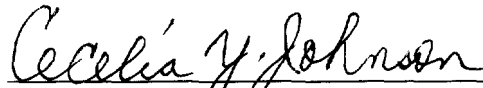
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